

# Health Agency

June 15, 2016



**Los Angeles County  
Board of Supervisors**

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**Mark Ridley-Thomas**  
Second District

**Sheila Kuehl**  
Third District

**Don Knabe**  
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Director, Health Agency

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Interim Director, Department of Mental Health

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**TO:** Supervisor Hilda L. Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

**FROM:** Mitchell H. Katz, M.D.  
Director

A handwritten signature in purple ink, appearing to read 'Mitchell H. Katz'.

**SUBJECT: EVALUATION OF PRESCRIPTION DRUG DISCOUNT PROGRAMS**

This is in response to a motion by Supervisor Knabe on March 8, 2016 (Item 5). Supervisor Knabe instructed the Director of the Health Agency, working in collaboration with the Directors of Health Services, Mental Health and Public Health to review and evaluate existing prescription drug discount programs including those available through the National Association of Counties (NACo) and the California State Association of Counties (CSAC) to determine the feasibility of implementing drug discount programs for County residents and report back to the Board within 60 days on their findings and recommendations. Supervisor Kuehl made a friendly amendment to the motion instructing the departments to determine the added value that these programs may provide the subpopulations of particular interest to the County, such as: the residually uninsured, the elderly, those on General Relief, the homeless, those receiving Medi-Cal and those who qualify for a health plan and subsidies through Covered California.

## Background

*"The mission of the Los Angeles County Health Agency is to improve health and wellness across Los Angeles County through effective, integrated, comprehensive, culturally appropriate services, programs, and policies that promote healthy people living in healthy communities."*

Drug discount cards are not an insurance or insurance supplement, and are intended for consumers who pay out-of-pocket for their prescription drugs. These consumers include the subpopulations of interest to the County identified above. The drug discount programs are open to all persons regardless of age or income. They are marketed nationwide mostly through direct-to-consumer advertising. The cards can be researched, selected and printed by individuals from the internet, which can limit accessibility for certain vulnerable populations. The programs typically do not have restricted formularies, and provide some level of discount on most medications at participating network pharmacies.



Sorting through the vast array of available prescription drug discount cards is exceedingly difficult even for savvy consumers. Prescription drug discount card programs are generally administered by third party affiliates which contract with group organizations, employers, and local governments to administer programs, such as CSAC's Coast2Coast, NACo's Prescription Drug Program, Envision and the Discount Drug Network. The third party administrators offer no guarantees regarding actual savings for the consumer, and determining the actual savings is difficult due to lack of comparable information.

### **Survey of Drug Discount Programs**

A comprehensive review of all the drug discount programs in the marketplace was not feasible due to the vast numbers of cards that exist. However a survey of several drug discount programs was conducted. One critical finding of the evaluation was that the amount of savings to consumers varied substantially, contingent upon a number of factors. Additionally, the survey of drug discount programs conducted demonstrated that assessing the actual consumer value of any prescription drug discount program is difficult to ascertain.

The surveyed discount card programs claim discounts up to 70%- 85%. However, based on our findings, these claims could not be substantiated. As Attachment I shows, the actual cost of the sample of commonly used drugs varies from pharmacy to pharmacy. The costs can also fluctuate on a daily basis, making it difficult for consumers to make an informed decision as to which prescription drug card best suits their individual needs. Of particular concern for vulnerable populations, some programs require membership fees and some discount cards sell consumers' personal information to marketing companies.

There may be some advantages for consumers who use the discount drug programs, including potential cost savings, no restriction on the number of different drug discount cards a consumer can have, no limitation on usage, no cost to participate and no restrictions on membership.

Lastly, the County would potentially incur some potential costs to implement a drug discount program. These include material costs to purchase the cards, program marketing and distribution costs, and costs for administration. Further, all drug discount card programs prefer an exclusive sponsorship of their particular card, and require a minimum initial contract of 1-2 years.

### **Findings and Recommendations**

When looking at whether drug discount programs may benefit specific sub-populations in Los Angeles County, it is our conclusion that drug discount programs yield limited benefits. For example, the elderly may get some relief with prescription drug discount cards when their expenditures place them in the "Medicare donut hole" when the annual Medicare benefits have been exhausted. For those on General Relief, Covered California, Medi-Cal and individual health plans, there would be no benefit, as medications covered by these plans do not qualify for further discounts.

Overall, there is no one discount drug program that will provide the lowest cost to all consumers in all situations, and further, the savings offered through drug discount programs can often be realized through other means. For example, savings can be realized through drug manufacturers' patient assistance programs, comparison shopping, price matching apps, wholesale discount stores and coupons. Some pharmacies offer in-store savings programs that are competitively priced, especially on common generic drugs. For example, Costco pharmacies, which do not require a discount card, offer competitive prices and are open to the public (without the requirement of membership), despite being located inside membership warehouses.

It is our conclusion that the risks of endorsing a single discount card outweigh the benefits of doing so. Of particular concern, is the possibility that an official endorsement by your Board may inadvertently mislead consumers into thinking that the drug discount card is the sole venue to pursue, when in actuality consumers may be eligible to access lower pricing through another avenue as described above. Therefore, it is recommended that your Board not endorse any one single drug discount card.

If you have any questions or need additional information, please let me know.

MHK:ag:css

Attachment

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

PRESCRIPTION DISCOUNT CARDS COMPARISON (This is a sample of the drugs that were surveyed)

Drug Name	Quantity	Naco	CSAC (Coast2Coast)	DDN (Discount Drug Network)		EnvisionRx					Costco	Price Difference (%) <sup>1</sup>
BRAND					Comments	Wal-Mart	WAG	CVS	RiteAid	Comments		
ARMOUR THYRO TAB 30MG	30	\$25.43	\$26.68	\$22.32		\$19.82	\$22.12	\$21.88	\$22.96		\$25.19	35%
HUMULIN N INJ U-100	10	\$140.91	\$153.51	\$57.04	prices for NOVOLIN R-INJ U-100 (Brand)	\$135.30	\$140.62	\$138.70	\$148.83		price not given	13%
INSULIN SYRG MIS 0.3/31G	100	\$34.25	\$37.73	\$258.49	Insulin Cartridge 3 ML - 4 box 25 each; prices for Cartridge MIS 3.15 ML (Brand)	\$18.39	\$22.39	\$30.80	\$31.45		price not given	105%
PROVENTIL AER HFA	6.7	\$81.94	\$84.89	\$80.16	1 inhaler / 108 MCG	\$46.02	\$49.01	\$48.38	\$49.63		price not given	84%
TAMIFLU CAP 75MG	10	\$144.16	\$157.08	\$143.84		\$138.55	\$143.96	\$141.98	\$152.38		price not given	13%
AZITHROMYCIN TAB 250MG	6	\$29.23	\$23.88	\$9.73		\$12.30	\$19.45	\$23.20	\$25.63		\$12.40	200%
CHLORHEX GLU SOL 0.12%	473	\$12.91	\$11.68	\$7.27		\$11.84	\$13.93	\$9.20	\$12.80		price not given	92%
LISINOPRIL TAB 40MG	30	\$17.72	\$23.61	\$5.71		\$12.79	\$14.35	\$20.28	\$19.93		price not given	313%
NORGEST/ETHI TAB ESTRADIO	28	\$31.66	\$21.40	\$15.59		\$11.18	\$28.22	\$19.29	\$25.54	Tri-Previfen/ Tri-Sprintec	price not given	183%
SERTRALINE TAB 50MG	30	\$20.34	\$36.97	\$6.88		\$9.10	\$13.71	\$25.16	\$19.75		\$15.56	437%

Comparison Criteria						
Cost to consumer		No	No	No	No	Annual membership
Handles Administration for County		No	Yes	No	No	N/A
Require County Personnel Time		Yes	No	Yes	Yes	N/A
Royalty Paid to County for Filled Rx		No	\$1.25 per paid claim	\$2.50 per transaction	No	N/A
Exclusive Agreement		Yes	Yes	Yes	Yes	N/A
Term of Agreement		One year or more	One year term with 30 day termination	One year, 90 day notice for non-renewal	2 years or more	N/A
Currently in use at County/City in CA		17 Counties in CA <sup>2</sup>	33 Counties in CA <sup>3</sup>	No	City of Los Angeles, Sacramento and El Dorado Counties	N/A
Network Pharmacy access		up to 68,000 participating pharmacies	>59,000 participating pharmacies	over 66,000 network pharmacies	Over 60,000 participating pharmacies	

<sup>1</sup> Percentage of Price Difference is the difference between the highest and lowest price of that particular drug.

<sup>2</sup> NACO is used in the following Counties: Alpine, Calaveras, Colusa, Glenn, Imperial, Lake, Lassen, Marin, Mariposa, Mona, Napa, Plumas, Santa Clara, Shasta, Sierra, Siskiyou,and Sonoma.

<sup>3</sup> Coast2Coast is used in the following counties: Alameda, Amador, Butte, Colusa, Contra Costa, Del Norte, Fresno, Humboldt, Imperial, Kings, Madera, Mendocino, Merced, Nevada, Placer, Riverside, San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Cruz, Solano, Stanislaus, Sutter, Tehama, Tulare, Ventura, Yolo,and Yuba.

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